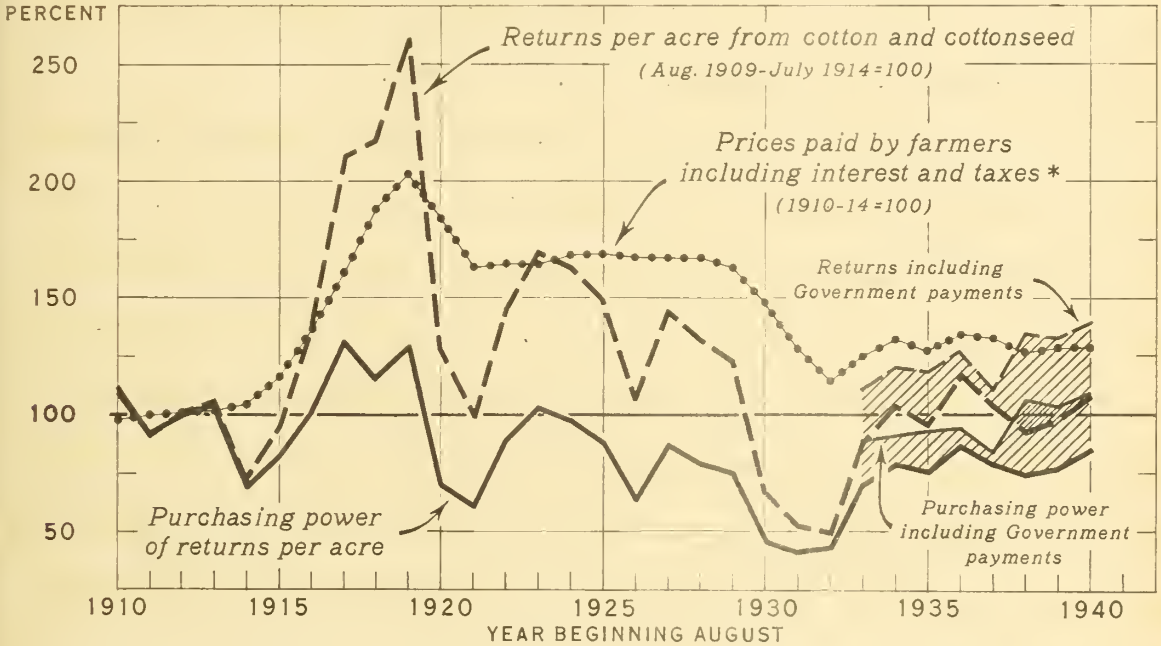
THE Cotton SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

CS-56 BAE JUNE 1941

RETURNS PER ACRE OF COTTON, PRICES PAID INCLUDING INTEREST AND TAXES, AND PURCHASING POWER OF RETURNS PER ACRE, INDEX NUMBERS, UNITED STATES, 1910-40



* 1910-22, AVERAGE OF SUCCESSIVE CALENDAR YEARS DATA FOR 1940 ARE PRELIMINARY

U. S. DEPARTMENT OF AGRICULTURE NEG. 39287 BUREAU OF AGRICULTURAL ECONOMICS

Returns from lint and cottonseed per acre of cotton harvested averaged above prewar in 4 of the past 7 and 10 of the past 17 years. Since 1923 the purchasing power of returns per acre, excluding Government payments, has been below prewar, even though cotton yields have increased materially.

The inclusion of Government payments raises the average purchasing power index numbers for the 8 years 1933-40 from 78 percent of prewar to 96 percent. In each of the past 3 years the returns per acre, including Government payments, have been above prewar. Farmers are interested in the purchasing power of their total returns as well as of the returns per acre. The marked reduction in cotton acreage since 1933, therefore, makes cotton farmers more dependent than formerly on the profitable utilization of land that is not in cotton if the total purchasing power of returns from their farming operations is to be on a par with prewar.

THE COTTON SITUATION

Summary

It appears likely that the domestic carry-over of American cotton at the end of the current season will total about 12.3 million bales. This compares with 10.6 at the beginning of the season and with 13.0 million on August 1, 1939. Total domestic supply of American cotton this season was about 23 million bales and domestic disappearance is expected to be about 10.7 million (about 9.6 consumption and 1.1 exports).

On June 23 prices of Middling 15/16-inch cotton averaged 14.57 cents in the 10 spot cotton markets - the highest level since April 1937. This was a further adjustment to the higher Government loan rates on the 1941 crop. If the farm price, which averaged 11.68 cents on May 15, has increased by the same amount as the 10-market price of Middling 15/16 the farm price on June 25 would be equivalent to about 83 percent of the May parity farm price. During the past month Brazilian cotton at Sao Paulo and Indian cotton at Bombay have made gains of one-fifth cent and nine-tenth cent, respectively.

United States exports of cotton totaled 72,000 bales during May, making a total of 976,000 bales for the first 10 months of the season. The destination of American raw cotton exports are no longer being officially released. As a result of the increasing price disparity between American and foreign growths there is little reason to expect any substantial improvement in the export situation for American cotton in the months immediately ahead.

Domestic cotton consumption totaled 919,000 bales during May. This makes a total of 7,914,000 bales for the first 10 months of the season, an increase of one-fifth over last season. Textile sales have exceeded current

production in recent weeks and the volume of unfilled orders is sufficient to permit a continuation of the present high level of mill activity well into next season. Manufacturers' gross margins rose to 20.85 cents in May, compared with 19.81 in April and 11.37 in May 1940. Cotton consumption continues at a record level in Canada but in most other foreign countries it is quite restricted and there is little likelihood of any marked improvement in the coming months.

The combined world production of rayon filament yarn and rayon staple fiber established a new high of 2,381 million pounds in 1940. This exceeds the 1939 production by 7 percent and is more than double the 1935 production. Of this amount rayon filament yarn made up 1,144 million pounds or 48 percent. This was slightly below the 1939 production but the decrease was more than offset by the expansion in rayon staple fiber production. The United States was the leading producer of rayon filament yarn, accounting for 34 percent of the total supply. Germany with 22 percent and Japan with 20 percent ranked next in order of production. In the production of staple fiber Germany accounted for 47 percent, Japan 24 percent, Italy 18 percent and the United States 7 percent. The American production of rayon filament yarn has more than doubled since 1932 while the rayon staple fiber production in 1940 was about 2-3/4 times as large as the production in 1938.

-- June 27, 1941

PRICES

Middling 15/16-inch cotton in the 10 markets rises above 14 cents in late June for first time in 4 years

Domestic cotton prices continued their upward course during the past month. Near the end of this period the 10-market price of Middling 15/16 inch pushed above the 14 cents level for the first time in over 4 years. After reaching a high of 14.57 cents on June 23 the average 10-market

price declined slightly and on June 25 was 14.31 cents compared with 13 cents a month earlier, and about 11 cents 2 months ago. Futures prices at New York increased slightly more than the 10-market average. This spectacular rise in cotton prices has been largely an adjustment to the higher loan rates on the 1941 crop.

The farm price of cotton increased from 10.45 cents on April 15 to 11.68 cents a month later. The May 15 figure was 91 points below Middling 15/16-inch cotton in the 10 markets, which averaged 12.59 on that date. If the farm price of cotton has risen by an amount equivalent to the rise in the 10-market price since May 15, the farm price on June 25 would be approximately 83 percent of the May parity farm price of 16.12 cents. Of course a number of factors would cause conditions to be somewhat different: In the middle of May the difference between the farm price and the 10-market price was considerably wider than is usual. Consequently, had there been a narrowing of this price difference to more normal proportions, the farm price would represent a higher percentage of parity. Similarly, each 1-point change in the index of the prices paid, including interest and taxes, changes the parity price of cotton by nearly one-eighth cent and thereby alters the percentage that a given farm price is of parity.

One of the likely effects of higher domestic cotton prices is the increasing of the price disparity between American and foreign growths in accessible world markets. This will perhaps tend to cause some further shifting from American to foreign growths. This shift, however, is likely to be less than would have occurred in more normal times, due largely to the generally low level of cotton consumption in foreign countries as a result of the war. The war has cut off many countries from their sources of raw cotton. Other countries have been partially cut off from their export outlets for textiles. The war has also increased the demands on shipping space, labor and power resources and foreign exchange to such an extent that cotton consumption has been curtailed in some countries. Thus, even if there had been no price disparity between American and foreign growths, our exports and the consumption of American cotton would have perhaps been materially restricted. Despite this, however, the price disparity has been an important reason why the foreign consumption of American cotton has declined more than the consumption of foreign cotton.

Advances also have occurred in the prices of Indian and Brazilian cotton during recent weeks, table 1. While neither made as great gains as American cotton, Indian cotton at Bombay advanced from 6.70 cents on May 23 to 7.61 on June 20 while Brazilian at Sao Paulo advanced from 6.52 cents to 6.73 cents during the same period.

EXPORTS

Destination of American exports of raw cotton no longer released

One development of the past month was the Government's decision to suspend the issuance of monthly statements giving the destination of American cotton exports. Total exports during the month will continue to be released as formerly.

During the 10 months ended May 31 domestic exports totaled 976,000 bales compared with 5.9 million bales during the same period last season, a reduction of 84 percent, table 2. Of this amount 72,000 bales were exported during May. China and Japan have been taking American cotton at a more rapid rate in recent months than earlier this season, yet through April exports to those two countries are only 17 and 9 percent respectively, of their last season's level. Most other countries have also reduced their takings of American cotton. In view of increasing shipping difficulties and increased price disparities between American and foreign growths resulting largely from rising domestic prices, there is little likelihood of much improvement in the export situation for American cotton in the coming months.

Brazilian exports more than one-third ahead of last season at end of May

Brazilian exports of cotton totaled over a million bales during the first 10 months of this season, to exceed by more than one-third the figure for the corresponding period last season. Canada has been the largest customer of Brazilian cotton this season accounting for about 320,000 bales. Canada is followed in importance by Japan with 295,000; China 170,000, and the United Kingdom with 108,000 bales.

The Anglo-Egyptian Sudan whose exports through April were 189,000 bales compared with 109,000 bales last season is another country whose exports show a net increase over a year ago. Most of the other more important exporting countries have had their exports curtailed. Egypt whose export through May of last season totaled 1,577,000 bales has suffered a 65-percent decline this season, having exported only 556,000 bales.

DEMAND AND CONSUMPTION

Domestic cotton consumption continues at a record level

Contrary to the usual seasonal pattern, domestic cotton consumption continued at a record high level in May, and consumption totaled 919,000 bales, including 48,000 bales distributed through the Surplus Marketing Administration's Cotton Mattress programs, table 3. Total consumption in May was about 1,000 bales short of the April record, but the reduction was entirely in foreign cotton. A new record high was established in May for the domestic consumption of American cotton. During the first 10 months this season consumption totaled 7,914,000 bales, an increase of 1.3 million bales, or 20 percent over the level during the corresponding period last season. If cotton consumption continues at the unadjusted daily rate which prevailed in May, the total for the season will be about 9-3/4 million bales. Of this amount about 9.6 million bales will be American cotton. This will materially exceed the record of a total consumption of just under 8 million bales established in 1936-37.

Since the decline in consumption from April to May was less than could be seasonally expected, the seasonally adjusted index of cotton consumption rose to 164 percent of the 1935-39 average, a gain of 8 points over the April

record, table 4. An advance also occurred in the index of spindle activity. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated at an index level of 121.8 during May compared with 119.6 for April and 89.4 in May 1940. This is the fifth successive month that the index has advanced. The average number of active spindle hours per spindle in place, for May was 422 compared with 421 in April and 324 in May 1940.

The placing of a ceiling (by the Office of Price Administration and Civilian Supply) over the prices of combed cotton yarns was a temporary unsettling influence on the cloth market during the last part of May, but sales of unfinished textiles increased in recent weeks have again risen above curre production. Indeed, trade sources report that in recent weeks the biggest retarding factor on the volume of textile sales was perhaps the unwillingness of mills to accept new orders. This is not considered a serious development, however, because of the scarcity of goods available for early delivery and th large backlog of unfilled orders which is sufficient to permit a continuing record level of consumption well into next season.

Wholesale cloth prices continued to advance in May and early June. The average wholesale price of 17 constructions of unfinished textiles was 33.42 cents in May compared with 31.05 cents in April and 21.58 in May 1940. At the same time, manufacturers' gross margins (the difference between the price of a pound of cotton and its approximate cloth equivalent) rose to 20.8 cents compared with 19.81 cents in April and 12.57 cents in May 1940.

The proportion of the total domestic production of textiles which is exported has never been large, table 5. Several aspects of the textile situation now indicate that it may become more difficult to export textiles. Since textile prices have advanced sharply in recent months, it may become more difficult than formerly for American textiles to compete in foreign markets with textiles manufactured elsewhere.

Another factor which may result in a decline in exports of textiles arises out of the exceptionally heavy domestic demand and the piling up of a backlog of unfilled orders sufficient to maintain the present high rate of domestic mill activity well into next season. The scarcity of goods available for early delivery means that most orders which are now being placed for cotton goods are for delivery several months hence. This may result in forei buyers being forced to turn to other sources of supply due to their inability of obtaining delivery when needed. The pressure on limited shipping facilities, and the need of many countries to conserve foreign exchange, which have been mentioned as factors retarding the exports of raw cotton, are also facto which may tend to retard the exports of cotton textiles. On the other hand, if the demands on the labor and power resources is excessive, some countries may substitute imports for domestic production and thereby free productive resources for other uses.

<u>Canadian consumption of cotton continues at record level; price disparity favors use of Brazilian cotton</u>

Canadian consumption of raw cotton is estimated to have established new highs in both March and April. Based on reports of the Cotton Institute

of Canada, and an adjustment for nonreporting mills, the April consumption is estimated to have exceeded 46,400 bales (500 pounds gross weight), compared with 45,500 in March and 44,000 in April 1940. Formerly the United States supplied more than 90 percent of the raw cotton that was consumed in Canada. As late as last season the United States supplied more than 92 percent of Canada's needs compared with 1 percent supplied by Brazil. This season, however, Canadian mills have shifted to Brazilian cotton, largely as a result of its underselling American cotton in Canadian markets by from 1-1/2 to 4 cents per pound. During each of the 4 months, January to April - the first time in history - the consumption of Brazilian cotton exceeded the consumption of American. For the first 9 months of the season, consumption of Brazilian cotton constituted 45 percent of the total Canadian consumption, compared with 49 percent of American.

Despite the fact that many mills are working both night and day shifts, the backlog of orders was larger than normal in the middle of May, when it was reported to be sufficient for 6 to 8 weeks, with some lines booked to capacity for 3 or 4 months. Canadian mills are reportedly making every effort to avoid the mistakes of the last World War, when acceptance of forward orders 6 or 8 months ahead caused excessive price advances, and with cancellation of orders immediately after the War, brought about a rapid slump within a very short time.

In spite of the fact that mills are operating at record levels, the opinion prevails in Canadian trade circles that the goods available for early delivery will become more scarce as time passes. Users are, therefore, attempting to secure supplies in excess of their current needs, but the mills are opposing the tendency toward large forward commitments. While Canadian textile prices have advanced only 10 to 20 percent compared with pre-war, Canadian users have been endeavoring to obtain supplies of cotton yarns from the United States to meet their increased demand, even though the prices of American yarns are relatively higher. Due to the time which must elapse before Canadian mills can get delivery, 6 months having been mentioned in some instances, the consideration of increased imports from the United States has in many instances been abandoned. Neither is it thought by the Canadian trade that British mills will be in position to satisfy the Canadian yarn demand. At the present rate of Canadian imports of textiles, together with British refusal to accept certain orders, and difficulties experienced in making delivery, it is felt in the Canadian trade that the British mills will practically cease to be a factor in the Canadian cotton trade by next fall.

Not only is the demand for cotton textiles at a record level in Canada, there is also an extraordinary demand for all types of rayon fabrics. In spite of increased production, rayon mills are finding difficulty in keeping abreast with the weavers' requirements. It is reported that at the present rate of operation the production of rayon fabrics will increase by about 30 percent in 1941.

British exports take precedence over domestic civilian demand; relatively strong demand for synthetic fibers

Although there is to be a greatly reduced output of cotton goods in the United Kingdom, it is emphasized by the Cotton Board that efforts are

to be made to maintain a good volume of export trade and that although essential war supplies will be given precedence the balance of production will be devoted almost entirely to export orders. It is obvious that such output will not be sufficient to supply all foreign markets. Consequently, the Cotton Board's policy will be to supply adequately those markets from which currency is needed for war equipment, and to restrict shipments to other markets including parts of the Empire. Details of the Board's plans are not yet available, but it is reportedly understood that exports of cotto goods will be directed by means of quotas for different markets and that export licenses will be issued to shippers. It is expected that quotas for British countries, the Netherlands East Indies and the territories of their other allies will be severely restricted while there will be no limit placed on exports to the United States, Argentina, and other countries which are dollar-producing markets.

During recent months there has been an increased demand for staple fiber in the United Kingdom. In view of the high price and rationed supply of wool, Yorkshire manufacturers are now finding it desirable to use staple fiber for spinning on worsted machinery. The demand can only be partially satisfied, however, since export business must take precedence and overseas trade in staple fiber has been seasonally heavy. Staple fiber is now being used in the production of the lighter fabrics required by the Government. Its use is expected to increase in view of the shortage of cotton.

Due to a definite shortage of clothing materials in unoccupied China, the Chungking Government has recently announced that shipments of cotton yar and cloth from Chinese mills in the Shanghai area will be given special transportation facilities into the interior as well as other encouragement. The total consumption of cotton in China, including Manchuria, remained unchanged at 122,000 bales during May. The export demand for Japanese cotton piece goods fell off during May from the April level. However, there was a fairly active demand for raw cotton. Imports into Japan were estimated to have totaled about 110,000 bales during May, an increase of about 10,000 bales over the previous month.

ACREAGE, PRODUCTION, SUPPLIES, AND STOCKS

Repossession of loan cotton continues at rapid rate

One of the responses to higher cotton prices in recent weeks has been the large volume of repossessions of Government held loan cotton. Loan outstanding on June 21 are reported by the Commodity Credit Corporation to total approximately 1.5 million bales. This includes about 1,076,000 bales in the 1938 loan, about 10,000 bales of 1939 loan cotton and about 447,000 bales in the 1940 Government loan. An allowance is made in the above data f collections which on June 21 had not yet been allocated. Due to the delay i reporting repossessions to the Commodity Credit Corporation the actual volum of loan cotton on which loans were still unpaid may have been somewhat less than indicated.

Brazil increases Government loan rate from 5.83 cents per pound to 7.29 cents

According to a recent announcement the Brazilian Government's loan level on the current crop has recently been increased. Under the new schedule the loan rate on Sao Paulo Type 5 cotton, having a staple length of about 1-3/32 inches is 7.29 cents per pound compared with the former rate of 5.83 cents.

This action by the Brazilian Government followed the enactment of legislation in the United States providing for loans of 85 percent of parity on the 1941 crop and insistance by Brazilian producers that something be done to prevent cotton in Brazil being allowed to sell for only approximately one-half what similar grades of American cotton were bringing at New York.

World rayon yarn and staple fiber production establishes new high in 1940

The combined world production of rayon filament yarn and rayon staple fiber established a new high of 2,380,810,000 pounds in 1940, table 7. This exceeds the 1939 production by 7 percent and is more than double the 1935 production. Of this amount rayon filament yarn made up 1,143,960,000 pounds or 48 percent. This was slightly below the 1939 production but the decrease was more than offset by the expansion in rayon staple fiber production. The United States was the leading producer of rayon filament yarn accounting for 34 percent of the total supply. Germany with 22 percent and Japan with 20 percent, ranked next in order of production. In the production of staple fiber Germany accounted for 47 percent, Japan 24 percent, Italy 18 percent and the United States 7 percent. The American production of rayon filament yarn has more than doubled its 1932 production while the rayon staple fiber production in 1940 was about 2-3/4 times as large as the production in 1938.

Table 1.- Cotton: Spot price per pound and spread between prices in specified markets, 10-year average 1927-28 to 1936-37 and 1936-37 to date

Season, month or day	American Middling: New Orleans 15/16"	American Middling: Spread of Liverpool over New Orleans	American Middling: Spread of Osaka over New Orleans	Indian: Bombay	Indian: Spread of Liverpool over Bombay	Indian: Spread of Osaka over Bombay	Brazilian: Sao Paulo	Brazilian: Spread of Liverpool over Sao Paulo	Egyptian Upper: Alexandria	Egyptian Upper: Spread of Liverpool over Alexandria
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
10-yr. av. 1927-28 to: 1936-37 ..	12.99	1.51	1.95	10.06	1.13	0.96	14.11	-0.03	15.34	1.78
1936-37 ...	13.45	1.17	2.30	10.08	.79	1.21	12.95	1.17	15.46	1.94
1937-38 ...	9.24	1.07	3.46	7.27	.69	2.32	9.26	.92	10.96	2.14
1938-39 ...	9.04	1.11	5.02	6.57	.57	1.04	8.42	1.21	9.92	1.88
1939-40 ...	10.23	2.41	2.10	8.13	1.81	.72	9.04	3.45	12.44	3.32
Mar.	10.63	2.43	2.97	8.78	1.90	.61	9.69	3.54	14.92	2.25
Apr.	10.74	2.73	2.78	8.86	1.84	.02	8.87	4.60	15.13	2.51
May	10.25	2.70	2.57	7.76	2.47	-.09	7.58	5.37	13.38	4.06
June	10.74	1.87	2.13	5.64	3.73	1.25	6.69	5.74	12.56	5.70
July	10.55	2.70	2.16	6.19	3.27	1.63	6.79	5.92	12.26	7.28
1940-41										
Aug.	9.92	3.58	2.39	6.57	3.19	1.80	6.50	6.60	11.81	8.69
Sept.	9.54	4.66	2.49	6.85	3.43	1.59	6.74	6.93	11.91	9.40
Oct.	9.47	4.18	2.75	6.58	3.68	.99	6.74	6.61	11.91	8.90
Nov.	9.77	4.07	2.68	6.85	3.86	.95	6.98	6.79	11.91	8.36
Dec.	9.94	4.26	2.76	6.43	4.79	.71	7.18	7.11	11.91	7.42
Jan.	10.17	4.45	2.48	5.92	6.04	.86	7.05	7.57	11.91	6.74
Feb.	10.22	4.18	2.07	5.77	6.20	.93	6.81	7.59	1/	1/
Mar.	10.79	4.30	2.15	6.30	6.08	.73	6.78	8.11	1/	1/
Apr.	11.07	1/	1/	6.12	1/	1/	6.84	1/	1/	1/
May	12.44	1/	1/	6.41	1/	1/	6.55	1/	1/	1/
May 2	11.38	1/	1/	5.84	1/	1/	6.64	1/	1/	1/
9	11.18	1/	1/	6.26	1/	1/	6.48	1/	1/	1/
16	12.67	1/	1/	6.53	1/	1/	6.48	1/	1/	1/
23	12.99	1/	1/	6.70	1/	1/	6.52	1/	1/	1/
30	2/12.86	1/	1/	6.74	1/	1/	6.64	1/	1/	1/
June 6	13.02	1/	1/	6.93	1/	1/	6.81	1/	1/	1/
13	13.62	1/	1/	7.67	1/	1/	6.89	1/	1/	1/
20	14.00	1/	1/	7.61	1/	1/	6.73	1/	1/	1/

Prices at New Orleans are from records of the Agricultural Marketing Service. Prices at Bombay are from Bombay Cotton Annual and Financial News through Mar. 1941; since then from New York Cotton Exchange reports. They were converted from rupees per candy of 784 pounds at current rates of exchange (buying rates in recent weeks) as reported by the Federal Reserve Board.

Prices at Sao Paulo are from official publications and cables. Prices were converted from milreis per 15 kilograms at current rates of exchange until Sept. 1934, Oct. 1934 to Feb. 10, 1935, at open or free market rates, and from Feb. 11 to date at composite averages of official and free market rates; except from Nov. 16, 1937 through Apr. 10, 1939 when free market rates were used. Prices at Alexandria are from the Monthly Bulletin of Agricultural and Economic Statistics. Prices were converted from tallaris per cantar at current monthly rate of exchange through Aug. 1939; since Sept. 1939 converted at official rate of exchange. American prices in the United States based on gross weight; all prices in foreign countries based on net weight.

The Liverpool Cotton Exchange was closed on Mar. 31.

1/ Not available. 2/ Price at New Orleans on May 29 since May 30 was a holiday.

Table 2.- Cotton, all kinds: Exports from the United States and percentage change, 1935-40

Period	Year beginning August				
	Average 1935-39	1939	1940 1/		
			Actual	As a percentage of Average 1935-39	As a percentage of 1939
	1,000 running bales	1,000 running bales	1,000 running bales	Percent	Percent
Aug.	211.9	214.5	65.4	30.9	30.5
Sept.	541.4	644.3	90.6	16.7	14.1
Oct.	744.2	885.2	194.7	26.2	22.0
Nov.	737.1	583.6	144.7	19.6	24.8
Dec.	681.1	806.7	112.6	16.5	14.0
Jan.	610.7	1,035.4	56.2	9.2	5.4
Feb.	460.3	746.7	68.6	13.2	8.1
Mar.	412.4	433.8	97.3	23.6	22.4
Apr.	325.2	344.6	74.0	22.8	21.5
May	247.5	226.5	71.5	28.9	31.6
Aug.-May	4,972.0	5,921.5	975.5	19.6	16.5
June	190.0	133.5	---	---	---
July	143.9	136.8	---	---	---
Total for season	5,305.9	6,191.7	---	---	---

Compiled from reports of the Bureau of Foreign and Domestic Commerce and the Bureau of the Census.

1/ Preliminary.

Table 3.- Cotton, all kinds: Consumption in the United States and percentage change, 1935-40

Period	Year beginning August				
	Average 1935-39	1939	1940 1/		
			Actual	As a percentage of Average 1935-39	As a percentage of 1939
	1,000 running bales	1,000 running bales	1,000 running bales	Percent	Percent
Aug.	555.4	630.7	654.5	117.8	103.8
Sept.	567.9	624.2	639.3	112.6	102.4
Oct.	591.7	686.5	770.7	130.3	112.3
Nov.	587.2	718.7	744.1	126.7	103.5
Dec.	568.5	650.1	775.5	136.4	119.3
Jan.	606.5	731.8	843.3	139.0	115.2
Feb.	566.6	661.8	793.6	140.1	119.9
Mar.	623.5	627.2	854.2	137.0	136.2
Apr.	575.0	623.1	920.1	160.0	147.7
May	574.9	641.6	918.9	159.8	143.2
Aug.-May	5,817.2	6,595.6	7,914.1	136.0	120.0
June	564.6	565.4	---	---	---
July	556.5	622.7	---	---	---
Total for year	6,938.3	7,783.8	---	---	---

Compiled from reports of the Bureau of the Census.

1/ Preliminary.

Table 4.- Cotton prices, mill margins and specified index numbers, United States, annual 1929-39, monthly August 1940-May 1941 1/

Year beginning Aug.	Price of cotton per pound: Received by farmers 15th of month	Parity 2/	Middling 15/16" cotton-average for 10 markets 3/	Mill margin 4/	Index numbers: Cotton consumption (1935-39=100) 5/	Industrial production (1935-39=100) 5/	Wholesale prices (1910-14=100) 6/	Prices paid, interest and taxes (1910-14=100)
	Cents	Cents	Cents	Cents				
1929	16.79	20.30	16.24	13.19	91	101	134	163
1930	9.46	18.35	10.02	12.17	78	81	114	148
1931	5.66	15.84	6.10	9.43	73	63	99	128
1932	6.52	14.29	7.29	10.07	92	62	92	115
1933	10.17	15.52	11.00	13.95	85	76	106	125
1934	12.36	16.28	12.70	11.83	80	79	114	131
1935	11.09	15.76	11.92	12.63	94	96	117	127
1936	12.33	16.63	13.29	16.59	120	116	124	134
1937	8.41	16.25	9.09	12.15	86	92	119	131
1938	8.60	15.66	9.00	10.44	103	99	112	126
1939	9.09	15.81	10.09	12.68	116	117	114	128
1940-41 7/								
Aug.	9.23	15.75	9.91	11.23	124	121	113	127
Sept.	9.23	15.75	9.48	12.26	120	125	114	127
Oct.	9.35	15.75	9.38	13.31	126	129	115	127
Nov.	9.38	15.75	9.66	14.24	135	133	116	127
Dec.	9.33	15.87	9.86	14.50	145	139	117	128
Jan.	9.45	15.87	10.10	14.94	138	140	118	128
Feb.	9.44	15.87	10.13	16.00	142	141	118	128
Mar.	9.72	15.87	10.58	18.17	147	143	119	129
Apr.	10.45	16.00	11.09	19.81	156	140	121	129
May	11.68	16.12	12.44	20.08	164	149	124	130

1/ All annual data on an August 1 year. The annual figure is the simple average of the 12 monthly figures.
2/ Average United States farm price for the 5 years August 1909-July 1914 of 12.4 cents times the index of prices paid by farmers, interest, and taxes (1910-14 = 1.00).
3/ Prices for 1929 through 1938 are the premiums of 15/16" cotton at six markets (Dallas, Galveston, Houston, Little Rock, Memphis, and New Orleans) added to the price of 7/8" cotton in the same markets. Since 1939 prices are as quoted on Middling 15/16" cotton in the ten designated markets.
4/ Mill margins on unfinished cloth (17 constructions).
5/ Federal Reserve Board, adjusted for seasonal variation.
6/ Bureau of Labor Statistics 1926 = 100, converted to 1910-14 = 100.
7/ Preliminary.

Table 5.- Cotton cloth: Exports from the United States and percentage change, 1935-40

Period	Year beginning August: Average 1935-39	1939	1940 1/ Actual	1940 1/ As a percentage of Average 1935-39	1940 1/ As a percentage of 1939
	1,000 square yards	1,000 square yards	1,000 square yards	Percent	Percent
ug.	20,076	22,484	25,021	124.6	111.3
ept.	20,919	30,827	24,649	117.8	78.0
ct.	25,706	41,586	28,080	109.2	67.5
ov.	24,171	36,714	30,763	127.3	83.8
ec.	22,248	38,993	28,492	128.1	73.1
an.	22,411	33,887	35,676	159.2	105.3
eb.	23,772	34,112	34,670	145.8	101.6
ar.	30,073	35,932	40,169	133.6	111.8
pril	26,573	35,524	39,189	147.5	110.3
ug.-April	215,949	310,046	286,709	132.8	92.5
ay	23,553	29,856	---	---	---
une	21,750	24,823	---	---	---
uly	22,383	26,786	---	---	---
otal for year	283,636	391,524	---	---	---

ompiled from Monthly Summary of Foreign Commerce of the United States.

/ Preliminary.

Table 6.- Returns per acre of cotton, prices paid including interest and taxes, and purchasing power of return per acre of cotton, United States, 1910-40

Year beginning Aug. 1	Returns from marketing of cotton lint and cottonseed per acre of cotton harvested: Actual	Returns from marketing of cotton lint and cottonseed per acre of cotton harvested: Index numbers Aug. 1909-July 1914 = 100	Returns including Government payments: Actual	Returns including Government payments: Index numbers Aug. 1909-July 1914 = 100	Index of prices paid by farmers including interest and taxes 1/ 1910-14 = 100	Index of purchasing power of returns per acre of cotton harvested: Excluding Government payments	Index of purchasing power of returns per acre of cotton harvested: Including Government payments
	Dollars		Dollars				
1910	28.90	109.7			98	111.9	
1911	23.89	90.7			100	90.7	
1912	26.56	100.8			101	99.8	
1913	27.87	105.8			102	103.7	
1914	18.94	71.9			104	69.1	
1915	24.88	94.5			116	81.5	
1916	35.90	136.3			136	100.2	
1917	55.53	210.8			161	130.9	
1918	57.39	217.9			188	115.9	
1919	68.71	260.8			203	128.5	
1920	33.66	127.8			184	69.5	
1921	26.15	99.3			163	60.9	
1922	38.40	145.8			164	88.9	
1923	44.39	168.5			164	102.7	
1924	43.14	163.8			168	97.5	
1925	39.23	148.9			169	88.1	
1926	28.06	106.5			167	63.8	
1927	37.98	144.2			167	86.3	
1928	34.50	131.0			167	78.4	
1929	32.18	122.1			163	74.9	
1930	17.72	67.3			148	45.5	
1931	13.59	51.6			128	40.3	
1932	12.94	49.1			115	42.7	
1933	23.09	87.7	29.25	111.1	125	70.2	88.9
1934	27.36	103.8	31.64	120.1	132	78.6	91.0
1935	25.27	95.9	31.10	118.1	127	75.5	93.0
1936	30.44	115.6	33.36	126.6	134	86.3	94.5
1937	27.14	103.0	29.19	110.8	132	78.0	83.9
1938	24.37	92.5	35.33	134.1	126	73.4	106.4
1939	25.79	97.9	34.82	132.2	128	76.5	103.3
1940 2/	28.38	107.7	36.77	139.6	3/ 128	84.1	109.1

1/ Prior to 1923, average of successive calendar years, 1923 to date on August 1 year. 2/ Preliminary. 3/ Average of 10 months.

Table 7.- World rayon yarn and staple fiber production, by areas, specified periods

Calendar year	Area under German control in 1940: Germany 1/	Belgium	France	Austria	Czechoslovakia	Hungary	Netherlands	Norway	Poland	Rumania	Total 2/	United States	Japan 3/	Other countries 2/	World total 2/
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
	Rayon yarn production														
1920	5.2	4/	3.4	4/	4/	4/	4/	0	5/	0	8.7	10.1	0.2	14.1	33.1
1921	7.7	4/	4.4	4/	4/	4/	4/	0	0.1	0	12.2	15.0	0.2	20.7	48.2
1922	11.0	6.5	6.8	1.6	0.4	0.7	1.6	0	0.5	0	29.1	24.1	0.5	22.9	76.6
1923	14.3	7.3	7.7	1.6	0.9	0.9	3.3	0	0.9	0	36.9	35.0	0.8	30.4	103.0
1924	23.2	8.6	13.2	2.2	1.4	0.6	4.4	0	1.0	0	54.5	36.3	1.4	46.0	138.3
1925	26.0	10.1	14.3	3.3	2.2	0.7	6.0	0	1.4	0	63.9	51.0	3.2	67.1	185.3
1926	24.7	10.2	19.2	2.9	2.1	0.7	9.9	0	2.0	0	71.7	62.7	5.0	72.4	211.7
1927	41.3	13.6	24.2	3.8	3.2	0.9	12.8	0	3.5	0	103.3	75.6	10.5	105.7	295.1
1928	48.9	14.5	29.9	3.4	3.8	0.8	15.0	0	5.2	0	121.5	97.2	16.6	125.2	360.6
1929	58.4	13.4	41.8	3.1	4.5	0.7	17.6	0	5.8	0	145.3	121.4	26.0	141.5	434.2
1930	59.0	12.7	50.6	1.7	5.1	0.8	17.6	0	6.0	0	153.4	127.3	36.6	133.8	451.2
1931	61.9	9.8	44.0	0	6.2	0.2	18.7	0	8.0	0	148.8	150.9	48.3	152.6	499.7
1932	58.0	9.4	50.6	0.9	5.6	0	19.8	0	7.4	0	151.7	134.7	69.8	161.2	517.3
1933	62.9	11.2	57.0	1.0	5.9	0.1	19.2	0	7.9	0	165.2	213.5	98.3	185.4	663.4
1934	84.9	12.9	57.2	1.9	5.7	0.1	21.9	0	9.6	0	194.3	208.3	153.1	216.8	772.5
1935	97.7	13.7	61.5	1.9	6.2	0.1	20.7	0	11.8	0.1	213.6	257.6	224.3	245.6	941.1
1936	99.0	14.2	59.5	1.9	7.4	0.1	21.0	0	11.7	0.6	215.5	277.6	275.0	255.2	1,023.3
1937	125.0	16.5	66.4	2.2	9.4	0.1	23.7	0.2	14.4	1.3	259.2	321.7	334.4	284.8	1,200.0
1938	6/140.0	11.2	61.8	6/	5.4	0.1	19.8	0.4	13.7	1.8	254.2	257.6	209.6	266.8	988.3
1939	6/7/160.0	13.0	56.2	6/	6/	0.1	24.2	0.4	7/11.0	2.7	267.6	328.6	239.4	309.9	1,145.5
1940	250.0	6/	6/	6/	6/	6/	6/	6/	6/	6/	250.0	390.1	225.0	278.9	1,144.0

Continued -

Table 7.- World rayon yarn and staple fiber production, by areas, specified periods - Continued

Calendar year	Area under German control in 1940: Germany 1/	Belgium	France	Austria	Czechoslovakia	Hungary	Netherlands	Norway	Poland	Rumania	Total 2/	United States	Japan 3/	Other countries 2/	World total 2/
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
	Rayon staple fiber production														
1929	2.4	0	0	0	0	0	0	0	0	0	2.4	0.5	0	4.3	7.2
1930	4.4	0	0	0	0	0	0	0	0	0	4.4	0.4	0	1.6	6.2
1931	4.4	0	0.5	0	0	0	0	0	0	0	4.9	0.9	0	2.2	8.0
1932	3.0	0	1.6	0	0	0	0	0	0.4	0	5.0	1.1	0.6	10.5	17.3
1933	8.8	0	2.2	0	0	0	0	0	0.4	0	11.4	2.1	1.0	13.4	27.9
1934	15.8	0	4.4	0	0	0	0	0	0.7	0	20.9	2.2	4.7	24.0	51.8
1935	37.9	0	5.0	0	0	0	0.5	0	0.7	0	44.1	4.6	13.6	77.2	139.6
1936	94.8	0	6.6	0	0	0	1.1	0	1.2	0	103.7	12.3	45.8	136.7	298.6
1937	219.2	0.7	11.3	0	0.7	0	0.2	0.2	2.3	0	234.5	20.2	174.2	190.2	619.2
1938	6/330.0	1.6	10.8	6/	0.7	0	5/	0.1	8.8	0	351.9	29.9	375.0	200.9	957.6
1939	6/7/440.0	2.5	15.5	6/	6/	0	0	0	7/9.0	5/	467.0	51.3	309.5	254.2	1,082.0
1940	6/575.0	6/	6/	6/	6/	6/	6/	6/	6/	5/	575.0	81.1	300.0	280.0	1,236.8
	Total production of rayon yarn and rayon staple fiber 2/														
1929	60.8	13.4	41.8	3.1	4.5	0.7	17.6	0	5.8	0	147.7	121.9	26.0	145.8	441.4
1930	63.4	12.7	50.6	1.7	5.1	0.8	17.6	0	6.0	0	157.8	127.7	36.6	135.4	457.4
1931	66.3	9.8	44.5	0	6.2	0.2	18.7	0	8.0	0	153.6	151.8	48.3	153.9	507.6
1932	61.0	9.4	52.2	0.9	5.6	0	19.8	0	7.8	0	156.7	135.8	70.3	171.8	534.6
1933	71.6	11.2	59.2	1.0	5.9	0.1	19.2	0	8.4	0	176.6	215.6	99.3	199.8	691.3
1934	100.7	12.9	61.6	1.9	5.7	0.1	21.9	0	10.3	0	215.2	210.5	157.8	240.9	824.4
1935	135.6	13.7	66.5	1.9	6.2	0.1	21.2	0	12.6	0.1	257.7	262.2	238.0	322.8	1,080.6
1936	193.8	14.2	66.1	1.9	7.4	0.1	22.0	0	12.9	0.6	319.2	289.9	320.8	392.0	1,321.9
1937	344.2	17.2	77.7	2.2	10.0	0.1	23.9	0.3	16.7	1.3	493.6	341.9	508.6	475.0	1,819.2
1938	6/470.0	12.8	72.6	6/	6.0	0.1	19.9	0.4	22.4	1.8	606.1	287.5	584.6	467.7	1,945.9
1939	6/7/600.0	15.5	71.7	6/	6/	0.1	24.2	0.4	7/20.0	2.7	734.6	379.9	548.8	564.1	2,227.5
1940	6/825.0	6/	6/	6/	6/	6/	6/	6/	6/	6/	825.0	471.2	525.0	559.6	2,380.8

Continued -

Table 7.- World rayon yarn and staple fiber production, by areas, specified periods - Continued

Compiled from Rayon Or'ganon, Vol. XII, No. 7, June 6, 1941, pp. 89-91.

1/ The official German rayon yarn and staple fiber production data include the production of rayon horsehair and bisca, whereas in this tabulation the production of yarn and staple fiber only are shown, those other items having been eliminated. Rayon Or'ganon, Vol. XII, No. 7, June 6, 1941, p. 89.
2/ Totals were made before figures were rounded.
3/ Official data from the Japan Rayon Producers Association plus estimates for cuprammonium yarn producers and "outside" viscose yarn and staple fiber producers. Rayon Or'ganon, Vol. XII, No. 7, June 6, 1941, p. 89.
4/ Probably some production, amount unreported, Rayon Or'ganon, Vol. XII, No. 7, June 6, 1941, p. 89.
5/ Less than 51,000 pounds.
6/ The figures for German rayon production in 1938 and 1939 are for Greater Germany. The 1938 data include Austria, while the 1939 data include both Austria and Czechoslovakia. The 1940 data for Germany include in addition to Austria, Czechoslovakia and Poland, the output of the various European countries which have either been conquered or have surrendered their political sovereignty to Germany during 1940. These countries are as follows: Belgium, France, Hungary, Netherlands, Norway, and Rumania. Rayon Or'ganon, Vol. XII, No. 7, June 6, 1941, p. 89.
7/ The production credited to Poland for 1939 is for the first 8 months of the year. Whatever rayon may have been produced in Poland during the last 4 months of 1939, which is believed to be negligible, has been included in the data for Germany. Rayon Or'ganon, Vol. XII, No. 7, June 6, 1941, p. 89.